

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 20, 1996

SUBJECT: **SB 2455**

This bill, if enacted, will require all health insurers, health maintenance organizations and other health plans that include maternity care to provide a minimum of forty-eight (48) hours of in-patient care following a vaginal delivery and a minimum of ninety-six (96) hours following a cesarean section for both mother and child. Any insurer providing post-delivery care in the home could shorten the stay after conferring with the physician and mother.

The fiscal impact of this bill is estimated to result in higher capitation rates paid to managed care organizations in the TennCare program to cover additional costs as the result of longer hospital stays. It is assumed that this mandated hospital stay will increase total in-patient days and increase total health care cost. The amount of the increase to TennCare cannot be determined but is estimated to exceed \$1,000,000 in the long run.

The enactment of this bill will not increase expenditures for state government health benefits because the state plan is self-insured and not subject to such regulation. However, if the requirements of the bill

were implemented voluntarily it is estimated that state expenditures would increase in excess of \$100,000 annually.

The fiscal impact from enactment of this bill is also estimated to be an increase in expenditures to local governments. The amount of such increase cannot be determined but is estimated to exceed \$100,000.

The enactment of this bill is also estimated to result in an increase in cost to the health industry from mandated coverage. Such increase cannot be determined but is estimated to exceed \$1,000,000. This impact is included as required by T.C.A. 3-2-111.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*